

Message Text

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PAGE 01 BONN 07308 281136Z
ACTION EUR-12

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TAGS: EAGR, GW
SUBJECT: REACTION TO EC FARM POLICY DECISIONS

REF: BONN 5751

1. IN AN INTERVIEW ON APRIL 26, AGRICULTURAL MINISTER ERTL ADMITTED THE WISHES OF GERMAN AGRICULTURE HAD NOT BEEN FULLY MET. ONE COULD, HOWEVER, NOT JUST OVERLOOK THE MILK SURPLUS PROBLEM. FURTHERMORE, IT SHOULD BE CONSIDERED THAT FARMERS ALSO BENEFIT FROM THE FACT THAT GERMANY IS THE COUNTRY WITH THE SMALLEST INCREASE IN THE COST OF LIVING.

2. ON THE BRITISH ATTITUDE, MINISTER ERTL REMARKED THAT "ENGLAND IS A NEW MEMBER WITH RELATIVELY GREAT PROBLEMS. WE ARE CONVINCED THAT ENGLAND HAS LEARNED DURING THIS PROCESS. IT HAS REALIZED THAT NOTHING CAN BE ACCOMPLISHED WITHOUT COMPROMISES. EACH SIDE MUST YIELD. IN ADDITION, NOBODY APPARENTLY WANTED TO TAKE RESPONSIBILITY FOR A SPLIT IN THE COMMUNITY."

3. ERTL DECLARED THE BRUSSELS' PRICE DECISIONS ARE IN LINE WITH HIS GOVERNMENT'S POLICY OF PRICE STABILITY.
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PAGE 02 BONN 07308 281136Z

FOR GERMANY, HE EXPECTS AN INCREASE IN FOOD PRICES BY ONE PERCENT; AND OF THE TOTAL COST OF LIVING BY ONLY 0.2 PERCENT.

4. A MAJOR ASPECT OF THE PRICE DECISIONS IS THE INCREASE IN THE PRODUCER TARGET PRICE OF MILK ON MAY 1 BY ONLY 1.5 PERCENT IN GERMANY; I.E., FROM DM 58.34 TO

DM 59.20 PER 100 KG. HOWEVER, THIS WILL AGAIN BE
TAKEN AWAY ON SEPTEMBER 16, 1977, WHEN A CHARGE OF 1.5
PERCENT OF THE TARGET PRICE WILL BE LEVIED AS A
CONTRIBUTION TO THE COST OF SURPLUS DISPOSAL. IN ORDER
TO PREVENT A FURTHER STRONG EXPANSION OF MILK OUTPUT,
A "NON-MARKETING PREMIUM" SHALL BE PAID UNDER CERTAIN
CONDITIONS. GERMAN FARMERS HAVE REPORTEDLY INDICATED
RELATIVELY GREAT INTEREST IN PARTICIPATING IN THIS
PROGRAM. INSTEAD OF CHARGING A VEGETABLE FAT TAX, THE
COUNCIL DECIDED ON THE SALE OF ABOUT 80,000 - 100,000
MT OF CHEAP BUTTER BEFORE CHRISTMAS.

5. THE FARMERS ASSOCIATION COMPLAINED ABOUT THE "TOO
LOW PRICE INCREASE IN GERMANY BY ONLY 2 PERCENT.
GERMAN AGRICULTURE HAS TO MAKE ANOTHER SACRIFICE IN THE
INTEREST OF PRICE STABILITY. THE ASSOCIATION URGED
GOVERNMENT AND PARLIAMENT TO INSTITUTE A NATIONAL
SUPPORT PROGRAM IN ORDER TO HAVE AGRICULTURE FULLY
PARTICIPATE IN THE GENERAL INCOME DEVELOPMENT.- IN
THE MILK SECTOR, A FIRST STEP HAD BEEN TAKEN IN THE
DIRECTION OF ESTABLISHING MARKET BALANCE.
STOESSEL

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